

CHAPTER 6

MATRIX V - LOCAL SECONDARY ITEM STRATIFICATION (LSIS)

A. INTRODUCTION

1. The LSIS will be prepared by inventory management activities within the DoD Components when the retail requirements and/or assets are not prepared in an automated process. The local stratification provides requisitioning objective, readiness status, and a retention position.

2. The local stratification encompasses all retail; i.e. , intermediate and consumer level supply system requirements and assets. This stratification shall be a line item stratification for all mechanized stock points. The simulation-of-buy and simulation-of-repair concepts are not prescribed. For small non-mechanized stock points and stock points in active areas of operation, stratification on a statistical basis, instead of a line item stratification, is optional with the military service.

3. Matrix V, Section A displays those requirements for assets required to be on hand and ready-for-issue (RFI) at the retail level as of the stratification cutoff date. Assets in the pipelines and leadtimes are not included. This section establishes a gross measurement of the retail system's capability to satisfy logistic requirements as of a point in time by measuring asset

against on-hand requirement elements. Matrix V(A) displays the minimum desired on hand and maximum authorized stock on-hand requirements for the retail level. It also shows the **required** readiness status by including the War Reserve requirements . To the degree that the section shows a deficit to the minimum on-hand objective, the serviceable on-hand assets are considered inadequate. To the degree that serviceable on-hand assets are greater than the operating level and/or procurement cycle requirement, the assets are considered excessive. This section shows the actual requirements and assets as of the cutoff date and does not include any forecasts or simulations.

4. Matrix V, Section B, shows the requisitioning, objective and retention position that comprise those requirements for assets to be on-hand or **on-order** as of the stratification date, the anticipated issues for the Current and Budget Years, and War Reserves. This section is required for management of activity inventory levels, retention assets, and identification of local excess. It shows the actual requirements and assets as of the cutoff date and does not include any forecasts or simulations. It includes a memorandum entries of Component retail retention limit and past actual demand and/or usage data.

5. A description follows of the columnar entries, line-item entries, and special instructions for selected cells. The abbreviated title to appear in the data submission is shown in brackets.

B. REPORT HEADINGS

1. Matrix V(A)

LOCAL SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - TOTAL
MATRIX V(A) - READINESS STATUS
As of _____, 19__
(dollars in thousands)

2. Matrix V(B)

LOCAL SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - TOTAL
MATRIX V(B) - REQUISITIONING
OBJECTIVE AND RETENTION POSITION
As of _____, 19__
(dollars in thousands)

C. COLUMNAR ENTRIES

1. **Column A, Matrix V(A) - Ready-for-Issue (RFI) Deficit [RFI / Deficit]**. Column A shows the shortage of serviceable or RFI assets for each of the requirement elements. It is the difference between requirement in Column B and the assets in Columns C (Column B minus columns C).

2. **Column A, Matrix V(B) - Memorandum [Memo]**. Column A provides information about the requirement defined in the numbered line entry (e.g., the number of days of demand represented by the requirement element or the duration of the lead time). The requirements for memorandum entries are specified below.

3. **Column B - Requirements [Require / ments]**. Column B shows the quantitative requirements for the element defined in the line entry as of the cutoff.

4. **column C - Serviceable On-Hand Assets [Serv. / On Hand]**. column C shows the serviceable assets on hand at the retail level of supply in Condition Codes A, B, C, D, or E as of the cutoff.

5. **Column D - Unserviceable On-Hand Assets [Unserv. / On Hand]**. Column D shows the quantity of unserviceable assets on hand at the retail level of supply in Condition Code F as of the cutoff.

6. **Column E - On Order/Due In [On Order / Due In]**. column E shows the serviceable on-order and due-in assets (same condition codes as in Column D) to the retail level of supply from all sources (procurement, maintenance, and wholesale) as of the cutoff. This element will include all assets due in from field returns; disassembly of sets, kits and outfits; fabrication of items; and return of loans.

7. **Column F - Deficit [Deficit]**. Column F shows the quantity of an item's requirement from Column B that exceeds the sum of the assets in Columns C through E.

D. LINE ENTRIES

1. **Matrix V(A), Readiness Status**

a. Assets

(1) Line 1 - Gross Assets, Stratification Cutoff [Gross Assets].

Line 1 shows all assets on hand and due in from all sources that are owned by the reporting DoD Component and under the control of the reporting activity as of the cutoff date. The only exceptions are those assets excluded from stratification. This element provides a total inventory dollar value for asset reporting. (See Chapter 1 section on "Gross Assets" for details.)

(2) Line 2 - Exempt Assets (Not Applicable) [Exemptions].

Line 2 shows those gross assets that are not applicable to requirements in the stratification process based on DoD policy. (See Chapter 1 section on "Gross Assets" for details.)

(3) Line 3 - Forecast of Condemnations (Not Applicable) [Condemnations].

Line 3 applies only to reparable unserviceable assets on hand, Column D. This element displays the value of the unserviceable reparable that are expected to be condemned during the overhaul/repair process. Assets discounted on this line will not be stratified to any other element.

(4) Line 4 - Not Repairable [Not Repairable]. Line 4 applies only to reparable unserviceable assets on hand, Column D. This element displays the value of the recoverable unserviceable assets which have

been determined not reparable locally. These assets will be shown on this line and will be included on Line 18, Assets Beyond Readiness.

(5) Line 5 - Net Available Assets (for stratification) [Net Assets].

Line 5 is the difference between the Gross Assets on Line 1 and the not applicable assets Lines 2, 3, and 4 (Line 1 minus the sum of Lines 2, 3, and 4).

b. Requirements

(1) Line 6 - Protected War Reserves [Protected War Reserves].

Line 6 shows the portion of the war reserves that must be reserved and positioned at or near the point of planned usage or issued to users before hostilities and for which funding has been approved.

(2) Line 7 - Stock Due Out [Dues Out].

Line 7 shows the quantity of assets requisitioned by a using activity or unserviceable assets turned with no assets available for issue; a commitment is recorded as of the cutoff date to issue assets from future stock or purchase assets for direct delivery.

(3) Line 8 - Safety Level Total [Safety Level Total].

Line 8 shows the quantity of an item that is required at the retail level to ensure continued operations in the event of fluctuations in demands or in order and/or ship time. The safety level for an item is computed either as a customer wait time goal or a

weapon system operational readiness goal; not as both.

(5) Line 9 - Limited Demand Item Objective [Limited Demand]. Line 9 shows the quantity of an essential item with anticipated usage that must be stocked at the retail level to maintain operational capability of a critical facility or weapon system even though the item fails to meet the established stockage criteria. This requirement is applicable to items whose RSC is SL.

(4) Line 10 - Insurance Stockage Objective [Insurance]. Line 10 shows the quantity of an essential item with an unacceptable lead time. Items in this category are not expected to be replaced because of normal usage but their non would seriously affect the operational capability of a critical facility or weapon system. This requirement is applicable to items whose RSC is S1.

(6) Line 11 - Initial Spares [Initial Spares]. Line 11 shows the quantity of an item specifically stocked to support a newly introduced end-item during the demand development period. This time may not exceed 2 years. This requirement is applicable only to items whose RSC is SP.

(7) Line 12 - Field Repair Cycle Level [Field Repair Level]. Line 12 shows the quantity of an item needed to meet demands during the time an unserviceable asset is being repaired at the field level.

(8) Line 13 - Minimum Retail On-Hand (OH) Objective [Min Retail OH Obj]. Line 13 shows the minimum assets that should be on hand. These entries are the sum of Lines 6 through 12 for Columns B through F.

(9) Line 14 - Operating Level [Operating Level]. Line 14 shows the quantity of an item needed to sustain operations at the retail level of supply in the interval between replenishment requisitions.

(10) Line 15 - Maximum Retail On-Hand Objective [Max Retail OH Obj]. Line 15 shows the maximum assets authorized to be on hand. These entries are the sum of Lines 13 and 14 for Columns B through F.

(11) Line 16 - War Reserve, Balance [Balance War Reserves]. Line 16 shows the unfunded portion of the War Reserve projected to be required as of the cutoff.

(12) Line 17 - Total Readiness Objective [Readiness Obj]. Line 17 is the sum of lines 15 and 16.

(13) Line 18 - Assets Beyond Total Readiness Objective [Assets Byd Read Obj]. Line 18 is the difference between Line 5 and Line 17 (Line 5 minus Line 17) for Columns C through E.

2. Matrix V(B) - Requisitioning Objective and Retention Position

a. Assets

(1) Line 1 - Net Available Assets (for stratification) [Net Assets]. Line 1 is the same as Line 5, Matrix V(A).

b. Requirements

(1) Line 2 - War Reserve [War Reserves]. Line 2 is the same as Line 6, Matrix V(A).

(2) Line 3 - Stock Due Out [Due Out]. Line 3 is the same as Line 7, Matrix V(A).

(3) Line 4 - Safety Level Total [Safety Level Total]. Line 4 is the same as Line 8, Matrix V (A). It is also the sum of Line 4a and 4b.

(4) Line 4a - Customer Wait Time Goal [Custom Wait Time]. Line 4a shows the quantity and/or dollar value of an item that is required at the retail level to ensure a targeted variable (may be fixed) customer wait time goal.

(5) Line 4b - Weapon system Operational Readiness Goal [Oper Read]. Line 4b, shows the quantity and/or dollar value of an item that is required at the retail level to ensure an established weapon system operational readiness goal is met for items managed in accordance with the Secondary Item Weapon System Management (SIWSM) concept.

(7) Line 5 - Limited Demand Item Objective [Limited Demand]. Line 5 is the same as Line 9, Matrix V(A).

(6) Line 6 - Insurance Stockage Objective [Insurance]. Line 6 is the same as line 10, Matrix V(A).

(8) Line 7 - Initial Spares [Initial Spares]. Line 7 is the same as Line 11, Matrix V(A).

(9) Line 8 - Field Repair Cycle Level [Field Repair Level]. Line 8 is the same as Line 12, Matrix V(A).

(10) Line 9 - Order and Shipping Time Level [Order/Ship Time]. Line 9 shows the quantity and/or dollar value of an item required to sustain operations during the interval between the time a retail stock point processes a replenishment requisition to a source of supply and the time the item is received; it is based only on those requisitions for which assets were "in stock" at the supplier.

(11) Line 10 - Operating Level [Operat ing Level]. Line 10 is the same as Line 14, Matrix V(A).

(12) Line 11 - Retail Requisitioning Objective/Applied Assets/Deficit [Requisition Obj]. Line 11 is the sum of Lines 2 through 10 for Columns B through F.

(13) Line 12 - Assets Beyond Retail Requisitioning Objective [Assets Byd RO] . Line 12 shows the difference between Lines 1 and 11 (1 minus 11) for Columns C through E.

(14) Line 13 - Issue Requirements [Issue Requirements] . Line 13 shows the quantities of net issues (wearouts) for the current, apportionment and budget years. It is the sum of lines 13a and 13b.

(15) Line 13a - Current Year Demands [CY Demands] . Line 13a shows the forecast of issues for the months remaining in the fiscal year at cutoff. For September 30 stratifications this will equal twelve (12) full months of issue and for March 31 stratification, 6 months.

(16) Line 13b - Apportionment Year Demands [AY Demands] . Line 13c shows the forecast of issues for an additional 12 months.

(17) Line 13b - Budget Year Demands [BY Demands] . Line 13c shows the forecast of issues for an additional 12 months.

(18) Line 14 - Balance War Reserves [Balance War Reserves] . Line 14 shows the

(19) Line 15 - Maximum Retention Limit[Max. Retention] . Line 15 is the sum of lines 10, 11, 12 and 13 for Columns B through F.

(20) Line 16 - Assets Beyond Maximum Retention

Limit [Assets BY Retention] . Line 16 is the difference between the sum of Lines 4, Matrix V(A), and 5 minus the Line 14, Section B for Columns C through E.

(21) Line 17 - Past Actual Demand/Usage Data [Total Dmd/Usage Data] . Line 17 shows the total actual historical demand or usage data as of the cutoff date. For the March 31 cutoff, it will equal the prior 6 months. For the September 30 cutoff, it will equal the full 12 months prior.

E. SPECIAL INSTRUCTIONS FOR LINE/COLUMN CELLS

1. Matrix V(A) - Readiness Status. Line 3, Column D. This cell contains the value of the unserviceable reparable assets that are expected to be condemned based on the current washout rates. (See the Chapter 1 section on Reparable Assets in this manual for detailed instructions.)

2. Matrix V(B) - Requisitioning Objective and Retention Position.

a. Line 4, Column A. This cell contains the computed number of days for items and the dollar-weighted number of days of supply the total safety level represents based on the average value of one day of total recurring replenishment demands.

b. Line 4a, Column A. This cell contains the customer wait time goal expressed as percentage (no decimals).

c. Line 4b, Column A. This cell contains the weapon system operational readiness

goal expressed as a percentage
(no decimals).

d. Line 8, Column A.

This cell contains the dollar weighted average repair cycle time in days.

e. Line 9, Column A.

This cell contains the dollar-weighted average order and/or ship time in days for items in stock at the wholesale level of supply .

f. Line 10, Column A.

This cell contains the dollar-weighted average operating level in days based on the average value of one day of demand.

g. Line 14, Column A.

This cell contains the retail retention limit established by the reporting Component in accordance with DoD 4140.1-R, chapter 4 (reference (c)) .

F. MATRIX V EXAMPLES

1. The following pages contain examples of the matrices described in this chapter.

2. The codes for the matrices are as follows:

- M Mandatory entry
- x Mandatory entry once the data is available in the automated systems, optional until then.

	LOCAL SECONDARY ITEM STRATIFICATION						
	FUNDING CATEGORY_____ - TOTAL						
	MATRIX V(A) - RETAIL READINESS STATUS						
	As of _____ 19_ (Dollars in Thousands)						
	A	B	C	D	E	F	G
		REQUIRE-	SERV.	UNSERV.	ON-ORDER		ITEM
ASSETS AND ADJUSTMENTS	RFI	MENTS	ON-HAND	ON-HAND	OTHER	DEFICIT	COUNT
1. Gross Assets		X	X	X	X	X	X
2. Exemptions		X	X	X	X	X	
3. Condemnations		X	X	X	X	X	
4. Not Reparable		X	X	X	X	X	
5. Net Assets		X	X	X	X	X	X
REQUIREMENT PRIORITY							
6. War Reserves		X	X	X	X	X	X
7. Dues Out		X	X	X	X	X	X
8. Safety Level	X	X	X	X	X	X	X
9. Insurance		X	X	X	X	X	X
10. Limited Demand		X	X	X	X	X	X
11. Initial Spares		X	X	X	X	X	X
12. Field Repair Level	X	X	X	X	X	X	X
13. Minimum On-Hand Obj	X	X	X	X	X	X	X
14. Operating Level	X	X	X	X	X	X	X
15. Maximum On-Hand Obj		X	X	X	X	X	X
16. Balance War Reserve			X	X	X		X
17. Total Readiness Obj		X	X	X	X	X	X
18. Assets Beyond RO		X	X	X	X	X	X

	LOCAL SECONDARY ITEM STRATIFICATION						
	FUNDING CATEGORY_____ - TOTAL						
MATRIX V(B) - RETAIL REQUISITIONING OBJECTIVE AND RETENTION POSITION							
	As of _____ 19__ - (Dollars in Thousands)						
	A	B	C	D	E	F	G
		REQUIRE-	SERV.	UNSERV.	ON-ORDER		ITEM
	(MEMO)	MENTS	ON-HAND	ON-HAND	OTHER	DEFICIT	COUNT
ASSETS AND ADJUSTMENTS							
1. Net Assets		X	X	X	X	X	X
REQUIREMENT PRIORITY							
2. War Reserves		X	X	X	X	X	X
3. Dues Out		X	X	X	X	X	X
4. Safety Level	X	X	X	X	X	X	X
a. Customer Wait Time	X	X	X	X	X	X	X
b. Oper. Readiness	X	X	X	X	X	X	X
5. Insurance		X	X	X	X	X	X
6. Limited Demand		X	X	X	X	X	X
7. Initial Spares		X	X	X	X	X	X
8. Repair Level	X	X	X	X	X	X	X
9. Order/Ship Time	X	X	X	X	X	X	X
10. Operating Level	X	X	X	X	X	X	X
11. Requisition Obj		X	X	X	X	X	X
12. Assets Byd RO			X	X	X		X
13. Issue Requirements		X	X	X	X	X	X
a. CY Demands		X	X	X	X	X	X
b. AY Demands		X	X	X	X	X	X
c. BY Demands		X	X	X	X	X	X
14. Balance War Reserves		X	X	X	X		X
15. Maximum Retention		X	X	X	X	X	X
16. Assets BY Retention	X		X	X	X		X
PAST DEMAND/USAGE							
21. Total Dmd/Usage Data	X						X